

**22-3-503 Transfers from income to principal for depreciation.**

- (1) In this section, "depreciation" means a reduction in value due to wear, tear, decay, corrosion, or gradual obsolescence of a fixed asset having a useful life of more than one year.
- (2) A trustee may transfer to principal a reasonable amount of the net cash receipts from a principal asset that is subject to depreciation, but may not transfer any amount for depreciation:
  - (a) of that portion of real property used or available for use by a beneficiary as a residence or of tangible personal property held or made available for the personal use or enjoyment of a beneficiary;
  - (b) during the administration of a decedent's estate; or
  - (c) under this section if the trustee is accounting under Section 22-3-403 for the business or activity in which the asset is used.
- (3) An amount transferred to principal need not be held as a separate fund.

Enacted by Chapter 285, 2004 General Session